

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Burton Analyst: Rachel Coco Bill Number: SB 180
Related Bills: See Legislative History Telephone: 845-4328 Introduced Date: February 12, 2003
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Firefighters' Memorial Fund/Allocation Of Funds

SUMMARY

This bill would change the permissible uses for funds allocated to the California Fire Foundation.

PURPOSE OF THE BILL

According to the author's staff, the purpose of the bill is to redirect funds from the construction of the memorial, since it is now complete, to upkeep of the memorial, and to miscellaneous public endeavors undertaken by the California Fire Foundation.

EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative January 1, 2004.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to the 11 voluntary contribution funds listed on the state tax return, including the California Firefighters' Memorial Fund. Each fund provides for the reimbursement of the actual costs incurred by the Franchise Tax Board and the Controller to administer the fund.

THIS BILL

This bill would specify that contributions to the California Firefighters' Memorial Fund can be used for maintenance and repair of the memorial and that contributions made on and after January 1, 2004, may be used for:

- Ceremonies to honor fallen firefighters, and
- Other public benefit endeavors.

Board Position:

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<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director
Gerald H. Goldberg

Date
03/14/03

IMPLEMENTATION CONSIDERATIONS

The department currently does not have a mechanism in place to determine when a contribution was made. The contributions are collected and allocated based on a fiscal year. In order to provide the contribution amounts that were made on and after January 1, 2004, the department would reference the date the return was filed as the date the contribution was made. If that information is not sufficient, the department would need to request resources for system changes that may result in increased administrative costs. However, the author's staff has indicated the specified date of January 1, 2004, will be amended out of the bill, which will resolve this concern.

Once the implementation consideration is resolved, implementing this bill would not significantly impact the department's programs and operations. Department staff is available to work with the author's office to resolve this concern.

LEGISLATIVE HISTORY

SB 2175 (Burton, Ch. 854, Stats. 2000) specified that the \$250,000 minimum contribution test would apply to the California Firefighters' Memorial Fund only if the repeal date of January 1, 2006, is deleted.

SB 246 (Solis, Ch. 988, Stats. 1999) extended the repeal date to January 1, 2006.

SB 532 (Solis, Ch. 596, Stats. 1997) extended the repeal date to January 1, 2001, and specified that the California Firefighters' Memorial Fund would be subject to a \$100,000 minimum contribution test for taxable year 1999, and the \$250,000 minimum contribution test for taxable year 2000.

SB 209 (Solis, Ch. 206, Stats. 1995) specified that the California Firefighters' Memorial Fund would not be subject to the \$250,000 minimum contribution test.

AB 1523 (Areias, et al., Ch. 1223, Stats. 1993) established the California Firefighters' Memorial Fund.

PROGRAM BACKGROUND

Eleven voluntary contribution funds appeared on the 2002 California personal income tax returns. Total contributions to these funds have varied from approximately \$3.4 million in 1989/1990 to approximately \$3.9 in 2001/2002. The number of individuals contributing (first tabulated in 1993) remains fairly constant at approximately 140,000, or slightly less than 1% of all taxpayers. For fiscal year 2001/2002, the California Firefighters' Memorial Fund received \$271,623 from 32,018 personal income tax returns.

OTHER STATES' INFORMATION

Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York laws do not provide a voluntary contribution fund comparable to the voluntary contribution fund allowed by this bill. The laws of these states were reviewed because their tax laws are similar to California's income tax laws.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would have no impact on the states income tax revenues.

LEGISLATIVE STAFF CONTACT

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